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United Nations pension system

Application of the Interim Commission for the International Trade Organization/General Agreement on Tariffs and Trade for withdrawal from the United Nations Joint Staff Pension Fund

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the addendum to the report of the United Nations Joint Staff Pension Board to the General Assembly at its fifty-third session (A/53/9/Add.1), containing the recommendations of the Pension Board to the General Assembly on the subject of the application of the Interim Commission for the International Trade Organization/General Agreement on Tariffs and Trade (ICITO/GATT) for withdrawal from the United Nations Joint Staff Pension Fund (UNJSPF). During its consideration of the matter, the Committee met with representatives of the secretariat of UNJSPF.

2. As indicated in paragraph 1 of the addendum to the report, on 16 October 1998, the General Council of the World Trade Organization (WTO) and the ICITO Executive Committee adopted decision WT/L/282 concerning the conditions of service applicable to the staff of the WTO secretariat. In that decision, recalling that WTO is a *sui generis* organization established outside the United Nations system, the WTO General Council and the ICITO Executive Committee authorized the Director-General of WTO to inform UNJSPF that ICITO wishes to apply for termination of its membership in the Fund on 31 December 1998, subject to the conclusion of satisfactory transfer arrangements with the Fund. The Advisory Committee understands that the staff of the WTO secretariat had been consulted and agreed with the proposal.

3. The Advisory Committee notes that, in paragraph 32 of document A/53/9/Add.1, the Pension Board decided to recommend to the General Assembly the termination of the membership of ICITO in the Fund, effective 31 December 1998. The Committee agrees with the recommendation of the Board.

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4. Paragraph 4 of the draft resolution contained in paragraph 32 of the addendum indicates that the membership of ICITO in the Fund would be terminated as at 31 December 1998 upon receipt by the Secretary of the United Nations Joint Staff Pension Board of an unconditional written notification from the Director-General of WTO to that effect, no later than 15 January 1999. Upon inquiry, the Advisory Committee was informed that it had been agreed by the Board to allow a two-week grace period to WTO to determine whether the transfer arrangements with the Fund were satisfactory and could be concluded.

5. According to paragraph 5 of the draft resolution contained in paragraph 32 of the addendum, the termination of the membership of ICITO is subject to receipt by the Secretary of the Board by 31 December 1998 of a written undertaking from WTO that it will hold the Fund harmless from any and all claims against the Fund arising from or relating to the termination of the membership of ICITO in the Fund. Paragraph 31 of the addendum indicates that the Board considered it necessary to recommend the inclusion of such a "hold harmless" provision covering any and all claims against the Fund by ICITO participants, retirees or beneficiaries. The Advisory Committee recommends that paragraph 5 of the draft resolution be expanded to include the scope of the "hold harmless" provision, as stated in paragraph 31 of the addendum.

6. The steps to be taken to determine the proportionate share to be paid to the proposed WTO pension plan, should the membership of ICITO be terminated as at 31 December 1998, are listed in paragraph 25 of the addendum. The methodology recommended by the Committee of Actuaries and endorsed by the Board was accepted by WTO at the special sessions of the Committee of Actuaries and of the Board (A/53/9/Add.1, paras. 7 and 8).

7. Moreover, as indicated in paragraphs 26 and 27 of the addendum, the Board also gave its concurrence to various technical aspects of the process to determine the proportionate share, noting that while transaction costs were not at issue in this particular case, any transaction costs should be borne by the withdrawing organization. These technical arrangements were the subject of discussions involving the Fund's Consulting Actuary, the Rapporteur of the Committee of Actuaries, the Consulting Actuary to WTO and the Secretary of the Board.